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*Vietnam: (Information as of 4:30 AM EST)

Political Developments in South Vietnam: Political activity is beginning to intensify as the constitutional process nears completion.

Review of the constitution by the Congress of the Armed Forces--the final step before promulgation--may take place today. Although the Congress is expected to approve the document without change, its discussions may surface some lingering military resentment over the compromise worked out by Premier Ky with the Constituent Assembly.

Ky, meanwhile, is apparently trying to ensure that he, rather than Chief of State Thieu, will be the military's candidate for president. He publicly indicated last week that the Armed Forces Congress would not formally decide the issue since it "is not a political party." [REDACTED]

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At least three civilians are presently in the race--Constituent Assembly chairman Phan Khac Suu, Revolutionary Dai Viet Party leader Ha Thuc Ky, and southern ex-premier Tran Van Huong who expects to announce his candidacy in a few weeks, when the constitution has been promulgated. Jockeying among them, and among the military, for support is evident, with only Suu's ticket apparently firm at this time.

A Buddhist funeral procession in Saigon yesterday, staged by the militants and temporarily obstructed by police, may represent an initial testing of strength toward renewed political action, a tactic used by the Buddhists in the past. Although one immediate spark may

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have been the recent arrest of a prominent layman for draft dodging, there have been indications for some time that the militants are moving cautiously to try to regain influence, possibly by capitalizing on desires for peace. The Buddhists, as such, show little interest in the opportunities to compete in the coming elections.

The Military Situation in South Vietnam: US and South Vietnamese forces fought a series of sharp engagements with Viet Cong/North Vietnamese troops over the weekend in widely scattered parts of South Vietnam. Preliminary casualty reports indicate that more than 400 enemy soldiers were killed while friendly forces lost over 60 killed and some 260 wounded. The heaviest fighting occurred in northernmost Quang Tri Province where US Marine forces are conducting Operations PRAIRIE III and BEACON HILL I north of Quang Tri City.

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Communist China: Peking is continuing its efforts to counter the disruptive effect of the cultural revolution on the national economy.

Premier Chou En-lai told industrial and mining workers in Peking on 22 March that industry is the "leading factor" in the national economy and urged them to emulate and surpass the efforts of the peasants.

There is no evidence so far of any significant losses in industrial production, although Peking is clearly determined to minimize any damage to this sector of the economy. The resolution adopted by the Peking workers conference called upon the workers to maintain the eight-hour day and to participate in the cultural revolution only "during nonworking hours."

The regime continues to be primarily concerned with organizing spring cultivation. It has curbed attacks on production cadre and restricted the time spent on mass activities. On 19 March, Chou En-lai repeated an earlier injunction in People's Daily which ordered a cessation of "power seizures" in the countryside, even where seizures were "justified."

To guard food production, the regime has called on the army to reimpose discipline on peasants and to restore or replace the authority of rural cadre whose services have been belatedly recognized as vital. As of mid-March, neither of these objectives appeared to have been realized. The army is now forming leadership committees to incorporate cadre who are still effective with military and peasant representatives.

It is unlikely that spring farm work this year will be up to that of normal years. There are reports of food shortages in southeast and southwest China. Peking, however, probably has sufficient grain and the capability to prevent widespread famine. [REDACTED]

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